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Proposed programme budget for the biennium 2010-2011

Construction of additional office facilities at the Economic Commission for Africa in Addis Ababa and the United Nations Office at Nairobi

Thirteenth report of the Advisory Committee on Administrative and Budgetary Questions on the proposed programme budget for the biennium 2010-2011

1. The Advisory Committee on Administrative and Budgetary Questions has considered the report of the Secretary-General on the construction of additional office facilities at the Economic Commission for Africa in Addis Ababa and the United Nations Office at Nairobi (A/64/486). During its consideration of the report, the Advisory Committee met with representatives of the Secretary-General, who provided additional information and clarification.

2. The report of the Secretary-General is submitted pursuant to resolutions 56/270 and 63/263, in which the General Assembly requested progress reports on the construction of additional office facilities at the Economic Commission for Africa and the United Nations Office at Nairobi. The report also provides final updates on the construction of additional conference facilities at the Vienna International Centre and on the improvement and modernization of the conference facilities at the United Nations Office at Nairobi, both of which projects are now completed (see A/64/486, annexes I and II).

Economic Commission for Africa

3. The Advisory Committee notes from paragraphs 12 to 16 of the report of the Secretary-General that a management review was carried out by the Assistant Secretary-General of the Capital Master Plan and the Director of the Facilities and Commercial Services Division of the Office of Central Support Services in February 2009 to address concerns expressed by the General Assembly in its resolution 63/263 with regard to the construction of additional office facilities at the Economic Commission for Africa. Subsequent to the completion of the management review, a report of the Procurement Task Force was brought to the attention of the Secretariat.

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On the basis of the findings of that report, the vendors involved in the tender for construction of the additional facilities were suspended and the tender was cancelled. The Headquarters Procurement Division then conducted another management review. On the basis of the findings of those reviews, as well as the recommendations of the Office of Central Support Services, the following arrangements have been put in place:

(a) Project staff now report directly to the Director of the Division of Administration at the Economic Commission for Africa;

(b) A senior-level project management position has been created and the selection of a candidate has been finalized;

(c) The project team will be strengthened through the recruitment of additional construction expertise, such as a professional-level planning and works engineer, two clerks of works and a financial assistant;

(d) The Procurement Section resources within the Economic Commission for Africa will be enhanced, while the solicitation process for the construction project would continue to be handled through the Procurement Division at Headquarters;

(e) An independent technical adviser reporting to the Director of the Division of Administration will be engaged;

(f) The Facilities Management Section at the Economic Commission for Africa will provide support with an electrical engineer and a mechanical engineer at the Professional level.

4. The Advisory Committee was informed that additional post-related project costs would be met through vacancy management. **The Advisory Committee expects that the new arrangements put in place as the result of the above-mentioned reviews will enable the construction to be completed as currently scheduled.**

5. As indicated in paragraphs 23 and 24 of the report of the Secretary-General, the delays in this project are principally due to two factors:

(a) Bids received in September 2008 were significantly higher than the approved budget so a revised tender process had to be pursued;

(b) Cancellation of the procurement process in April 2009 following the findings of the Procurement Task Force required the initiation of a new tender process.

6. New tender documents have been finalized and issued. The Advisory Committee was informed that, as indicated in paragraph 19 of the report of the Secretary-General, representatives from the Office of Central Support Services participated in the technical evaluation of the revised new tender, which was completed in November 2009. The latest timetable envisages completion of the construction in December 2011, followed by interior set-up of up to six months.

7. The total cost estimate for the project remains at $14,333,100, based on the original submission in 2001, which was adjusted for inflation and currency fluctuations in 2005. Details of the cost estimate are shown in annex III of the report of the Secretary-General.

8. The Advisory Committee notes that, as the result of negotiations with the Government of the host country, a voucher system has been worked out for the waiver of the value added tax normally levied on purchases related to the construction of new office facilities. **The Committee welcomes this development.**

9. The Advisory Committee was informed that the implementation of a parking fee policy had been delayed owing to several factors: (a) a 20 per cent reduction in parking spaces due to security concerns; (b) the implementation of various projects relating to access control that have resulted in the temporary blocking of some entrances to the compound, including some parking spaces; and (c) negotiations with staff unions of various agencies and programmes in the Economic Commission for Africa compound, which have yet to be completed. The Committee was further informed that the Economic Commission for Africa had established a Compound Advisory Committee which is currently refining the policy and that negotiations with staff union representatives were ongoing. **The Committee trusts that this issue will be resolved expeditiously.**

United Nations Office at Nairobi

10. A management review of the construction project for additional office facilities at the United Nations Office at Nairobi was undertaken in February 2009 by the Assistant Secretary-General of the Capital Master Plan and the Director of the Facilities and Commercial Services Division. The recommendations of the review included the following:

(a) The local project management team should be strengthened;

(b) A senior-level management working group should be established composed of representatives from the United Nations Office at Nairobi, the United Nations Environment Programme and the United Nations Human Settlements Programme to provide independent technical advice to the Director-General of the United Nations Office at Nairobi;

(c) The local project management resources should include a clerk of works and other technical support staff who report to the project manager;

(d) An independent consultant should be engaged who would report directly to the working group.

11. As indicated in paragraphs 31 and 32 of the report of the Secretary-General, those recommendations were agreed by the United Nations Office at Nairobi and the Office of Central Support Services. The Office of Central Support Services continues to provide guidance, advice and direct support to the United Nations Office at Nairobi via teleconference calls and videoconferencing; however, the local project team is responsible for the management of the project. Representatives from the Office of Central Support Services also participated in the technical evaluation of the bids received. In addition, further periodic construction reviews, as appropriate to the progress of the project, would be conducted by the Office of Central Support Services throughout the project life cycle.

12. A construction contract was signed on 3 April 2009 for a total contract sum of $17.4 million, or approximately $230,000 more than the initial estimate. The increase will be funded from within the approved contingency. Details are provided in table 3 of the report of the Secretary-General.

13. The project is expected to be completed by the end of 2010 in keeping with the original schedule. Interior office fit-outs are scheduled for the first half of 2011, with full occupancy expected from mid-2011. **The Committee welcomes the progress made in the implementation of this project.**

Conclusion

14. **The Advisory Committee emphasizes that, in carrying out the construction projects at the Economic Commission for Africa and the United Nations Office at Nairobi, the relevant lessons learned in the planning and implementation of the capital master plan should be drawn upon. The Advisory Committee recommends that the General Assembly take note of the progress report of the Secretary-General contained in document A/64/486.**